

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Attica Township	County Lapeer
Fiscal Year End 6-30-07	Opinion Date 11-26-07	Date Audit Report Submitted to State 11-29-07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.


We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO **Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☒ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Lewis & Knopf, P.C.		Telephone Number 810-238-4617	
Street Address 5206 Gateway Centre - Ste 100		City Flint	State MI
Zip 48507			
Authorizing CPA Signature 	Printed Name Stephen L. Kidd	License Number 1101011609	

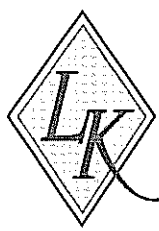
ATTICA TOWNSHIP

ATTICA, MICHIGAN

AUDIT REPORT FOR THE YEAR ENDED JUNE 30, 2007

## **TABLE OF CONTENTS**

	<u>PAGE</u>
Independent Auditor's Report	I
Management Discussion and Analysis	II - VII
Basic Financial Statements:	
Government-wide Financial Statements:	
Statements of Net Assets	1
Statements of Activities	2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	4
Required Supplementary Information	
Budgetary Comparison Schedules:	
General Fund	5
Public Safety Fund	6
Fire Fund	7
Notes to the Financial Statements	8 – 15
Other Supplemental Schedules:	
Schedule 1 - Schedule of Expenditures – General Fund	16 – 18
Schedule 2 - Schedule of Expenditures – Fire Fund	19
Schedule 3 – Schedule of Bond Principal and Interest Requirements	20
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21 – 22



*Lewis & Knopf, CPAs, P.C.*

Serving You with Trust and Integrity

November 26, 2007

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
of Attica Township

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Attica Township, as of and for the year ended June 30, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Attica Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Attica Township, as of June 30, 2007, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund, Public Safety Fund and Fire Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis information on pages II - VII, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Attica Township's basic financial statements. The additional information on pages 16 - 20 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Lewis & Knopf P.C.*  
LEWIS & KNOPF, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

ATTICA TOWNSHIP - ATTICA, MICHIGAN  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2007

---

As management of Attica Township, we offer readers of Attica Township's financial statements this narrative overview and analysis of the financial activities of Attica Township for the year ended June 30, 2007. In the future, comparative analysis will be provided when prior year information becomes available.

**FINANCIAL HIGHLIGHTS**

- A. The assets of the Township exceeded its liabilities at the close of the most recent year by \$1,999,024 (net assets).
- B. The Township's total net assets increased by \$56,937 for the year ended June 30, 2007.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to Attica Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary and additional information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements:**

The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reports as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. delinquent personal property taxes).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

The government-wide financial statements can be found on pages 1 and 2 of this report.

**Fund Financial Statements:**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township are governmental funds.

**Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

ATTICA TOWNSHIP - ATTICA, MICHIGAN  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2007

---

**Fund Financial Statements:** (Continued)

Governmental Funds (Continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances.

The Township adopts an annual appropriated budget for its general fund. Budgetary comparison statements have been provided for the general fund in the required supplementary information.

The basic governmental fund financial statements can be found on pages 3 through 4 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 8 through 15 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents other supplementary information. The other supplementary information can be found on pages 16 through 20 of this report.

**SUMMARY OF NET ASSETS:**

The following summarizes the net assets at the years ended June 30, 2007 and 2006:

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
Current Assets	\$640,170	\$604,845
Noncurrent Assets	1,798,895	1,910,177
<b><u>TOTAL ASSETS</u></b>	<b><u>\$2,439,065</u></b>	<b><u>\$2,515,022</u></b>
Current Liabilities	\$160,218	\$167,104
Noncurrent Liabilities	279,823	405,831
Total Liabilities	\$440,041	\$572,935
Net Assets		
Invested in Capital Assets – Net of Debt	1,393,064	1,378,559
Restricted - Debt Retirement	3,210	199,705
Restricted - Capital Projects	3,652	3,681
Unrestricted	599,098	360,142
Total Net Assets	<u>\$1,999,024</u>	<u>\$1,942,087</u>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b><u>\$2,439,065</u></b>	<b><u>\$2,515,022</u></b>

ATTICA TOWNSHIP - ATTICA, MICHIGAN  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2007

**RESULTS OF OPERATIONS:**

For the years ended June 30, 2007 and 2006, the Township's results of operations were:

	<u>2007</u>	<u>2006</u>
Revenues:		
Program Revenues:		
Charges for Services	\$79,674	\$98,541
General Revenues:		
Property Taxes	554,061	845,247
State Sources	320,725	322,303
Investment Earnings	15,826	12,748
Other	7,829	21,700
Total Revenues	<u>\$978,115</u>	<u>\$1,300,539</u>
Functions/Program Expenses:		
General Government	345,572	315,952
Public Safety	321,941	358,256
Public Works	105,253	107,436
Parks and Recreation	128,888	35,321
Interest on Long-Term Obligations	19,524	22,400
Total Expenses	<u>\$921,178</u>	<u>\$839,365</u>
<u>INCREASE IN NET ASSETS</u>	\$56,937	\$461,174
<u>BEGINNING NET ASSETS</u>	<u>1,942,087</u>	<u>1,480,913</u>
<u>NET ASSETS - ENDING</u>	<u><u>\$1,999,024</u></u>	<u><u>\$1,942,087</u></u>

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Analysis of Financial Position:

During the year ended June 30, 2007, the Township's Total Net Assets increased by \$56,937 to a total of \$1,999,024. The largest portion of the net assets are the Township's investment in capital assets. Net assets (invested in capital assets, net of related debt) increased by \$14,505 during the year due to purchases of new capital assets and principal payments on related debt exceeding depreciation. The Township's Unrestricted Net Assets increased by \$238,956 during the year and the restricted portion of the net assets decreased by \$196,524. The restricted Net Assets consist of the restricted debt retirement funds that may only be used to pay bonded debt.

Analysis of Results of Operations

The Township's overall revenues exceeded its expenditures by \$56,937 for the year. Revenues decreased by \$322,424 from last year, primarily from decreases in property taxes. Expenses increased by \$81,813 from last year primarily from an increase in zoning planning expenses and depreciation.

ATTICA TOWNSHIP - ATTICA, MICHIGAN  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2007

---

**FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS – GOVERNMENTAL FUNDS**

Analysis of Financial Position

The focus of the Township's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year. An analysis of changes for the governmental funds is as follows:

General Fund

The Township's general fund is the chief operating fund of the Township. Unreserved fund balance for the general fund increased by \$146,088 during the year with the increase coming primarily from an increase in cash. Revenues for the year decreased by \$21,278 primarily due to decreases in charges for services. Expenditures and other financing uses decreased by \$244,916, primarily due to decreases in transfers to other funds, decreases in police department contracts and purchases of fire equipment.

Public Safety Fund

Unreserved fund balance for the public safety fund decreased by \$64,383 during the year with the decrease coming primarily from a decrease in cash. Revenues for the year decreased by \$67,711 primarily due to decreases in taxes. Expenditures and other financing uses increased by \$97,517, primarily due to increases in police contracts.

Fire Fund

Unreserved fund balance for the fire fund increased by \$0 during the year. Revenues for the year decreased by \$43,342 primarily due to decreases in transfers from other funds. Expenditures and other financing uses decreased by \$43,342, primarily due to decreases in purchases of new equipment.

Debt Retirement Fund

Restricted fund balance for the debt retirement fund decreased by \$5,026 during the year with the decrease coming primarily from a decrease in cash. Revenues for the year decreased by \$14,027 primarily due to the collection of special assessments. Expenditures and other financing uses decreased by \$765, primarily due to debt principal and interest payments.

**GENERAL FUND BUDGET & ACTUAL REVENUES & EXPENDITURES**

**GENERAL FUND BUDGET VS. ACTUAL**

Fiscal Year	Original Budget	Final Budget	Actual	Variance Original & Final Budget %	Variance Actual & Final Budget %
Revenues	\$653,850	\$653,850	\$689,559	0.00	5.46
Expenditures	677,973	677,973	543,471	0.00	19.84
<u>TOTAL</u>	<u>(\$24,123)</u>	<u>(\$24,123)</u>	<u>\$146,088</u>		



ATTICA TOWNSHIP - ATTICA, MICHIGAN  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2007

**GENERAL FUND BUDGET & ACTUAL REVENUES & EXPENDITURES (Continued)**

**Original vs. Final Budgets**

General Fund

Revenues and Expenditures

There were no variations between the original and final budget.

**Actual Results vs. Final Budgets**

Revenues

Significant variations between actual results and final budgets for the general fund were due to the Township collecting more than expected for charges for services, miscellaneous revenue and taxes.

Expenditures

Significant variations between actual results and final budgets for the general fund were due to lower than expected costs for wages and transfers to the fire fund.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

A. Capital Assets

The Township's net investment in capital assets decreased by \$111,282 during the fiscal year. This can be summarized as follows:

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
Capital Assets	\$2,399,938	\$26,819	\$0	\$2,426,757
Less: Accumulated Depreciation	(489,761)	(138,101)	0	(627,862)
<u>Net Investment Capital Outlay</u>	<u>\$1,910,177</u>	<u>(\$111,282)</u>	<u>\$0</u>	<u>\$1,798,895</u>

Significant additions were due to the purchase of a pickup truck.

B. Debt, Principal Payments

The Township made principal payments on bonded, long term debt obligations that reduced the amount of the Township's long term liabilities as follows:

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<u>Governmental Activities:</u>				
Bonds Payable	\$245,000	\$0	\$30,000	\$215,000
Notes Payable	286,618	0	95,787	190,831
<u>TOTAL</u>	<u>\$531,618</u>	<u>\$0</u>	<u>\$125,787</u>	<u>\$405,831</u>

ATTICA TOWNSHIP - ATTICA, MICHIGAN  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2007

---

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Revenue sharing is the most significant budgetary concern at this time. Anticipated future decreases in state revenue sharing could have a substantial effect on operations for subsequent periods.

The Attica Township's 2006/2007 adopted budget is as follows:

<u>REVENUE</u>	\$935,915
<u>EXPENDITURES</u>	<u>1,007,209</u>
<u>NET (UNDER) BUDGET</u>	<u><u>(\$71,294)</u></u>

**CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens and taxpayers with a general overview of the Township's finances. If you have questions about this report or need additional information, contact the Business Office, Attica Township.

ATTICA TOWNSHIP  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2007

	<u>Governmental Activities</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	\$430,683
Accounts Receivable	52,461
Taxes Receivable	157,026
Total Current Assets	<u>\$640,170</u>
<u>NON-CURRENT ASSETS</u>	
Capital Assets	2,426,757
Less: Accumulated Depreciation	<u>(627,862)</u>
Total Noncurrent Assets	<u>\$1,798,895</u>
<u>TOTAL ASSETS</u>	<u>\$2,439,065</u>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$32,597
Accrued Interest	1,613
Current Portion of Long-Term Obligations	126,008
Total Current Liabilities	<u>\$160,218</u>
<u>NON-CURRENT LIABILITIES</u>	
Noncurrent Portion of Long-Term Obligations	<u>279,823</u>
<u>TOTAL LIABILITIES</u>	\$440,041
<u>NET ASSETS</u>	
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	1,393,064
Restricted - Debt Retirement	3,210
Restricted - Capital Projects	3,652
Unrestricted	599,098
Total Net Assets	<u>\$1,999,024</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$2,439,065</u>

See accompanying notes to the basic financial statements.

ATTICA TOWNSHIP  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue &amp; Change in Net Assets</u>
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
General Government	\$345,572	\$52,086	\$0	(\$293,486)
Public Safety	321,941	27,588	0	(294,353)
Public Works	105,253	0	0	(105,253)
Parks and Recreation	128,888	0	0	(128,888)
Interest - Long-Term Obligations	19,524	0	0	(19,524)
<u>TOTALS</u>	<u>\$921,178</u>	<u>\$79,674</u>	<u>\$0</u>	<u>(\$841,504)</u>
General Revenues:				
Property Taxes				554,061
State Revenue				320,725
Investment Earnings				15,826
Miscellaneous				7,829
Total General Revenues and Transfers				<u>\$898,441</u>
Change in Net Assets				<u>\$56,937</u>
Net Assets - Beginning				<u>1,942,087</u>
<u>Net Assets - Ending</u>				<u>\$1,999,024</u>

See accompanying notes to the basic financial statements.

ATTICA TOWNSHIP  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2007

	General Fund	Public Safety Fund	Fire Fund	Debt Retirement Fund	Other Non-Major Capital Projects Fund
<u>ASSETS</u>					
Cash	\$407,088	\$16,733	\$0	\$0	\$6,862
Accounts Receivable	52,461	0	0	0	0
Special Assessments Receivable	0	0	0	157,026	0
Due from Other Funds	0	59,689	0	3,210	0
<u>TOTAL ASSETS</u>	<u>\$459,549</u>	<u>\$76,422</u>	<u>\$0</u>	<u>\$160,236</u>	<u>\$6,862</u>
<u>LIABILITIES</u>					
Accounts Payable	\$32,597	\$0	\$0	\$0	\$0
Due to Other Funds	59,689	0	0	0	3,210
Deferred Revenue	0	0	0	157,026	0
Total Liabilities	\$92,286	\$0	\$0	\$157,026	\$3,210
<u>FUND BALANCES</u>					
Designated	96,008	0	0	0	0
Restricted - Debt Retirement	0	0	0	3,210	0
Restricted - Capital Projects	0	0	0	0	3,652
Unreserved	271,255	76,422	0	0	0
Total Fund Balances	\$367,263	\$76,422	\$0	\$3,210	\$3,652
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$459,549</u>	<u>\$76,422</u>	<u>\$0</u>	<u>\$160,236</u>	<u>\$6,862</u>

See accompanying notes to the basic financial statements.

ATTICA TOWNSHIP  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
AS OF JUNE 30, 2007

Total Governmental Funds	Total Governmental Fund Balances:		\$450,547
\$430,683	Amounts reported for governmental activities in the statement of net assets are different because:		
52,461	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$2,426,757 and the accumulated depreciation is \$627,862		1,798,895
157,026			
62,899			
\$703,069	Accrued Interest on Long-Term Debt		(1,613)
\$32,597	Deferred Revenue - Special Assessments		157,026
62,899			
157,026	Long-term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
\$252,522	Notes Payable	190,831	
96,008	Bonds Payable	215,000	
3,210	Total Long-Term Liabilities		(405,831)
3,652			
347,677			
\$450,547	<u>TOTAL NET ASSETS -</u>		
	<u>GOVERNMENTAL ACTIVITIES</u>		<u>\$1,999,024</u>
\$703,069			

ATTICA TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007

	General Fund	Public Safety Fund	Fire Fund	Debt Retirement Fund	Other Non-Major Capital Projects Fund
<u>REVENUES</u>					
Taxes	\$265,522	\$151,523	\$137,015	\$34,444	\$0
State Shared Revenues	320,725	0	0	0	0
Licenses, Permits and Fees	362	0	0	0	0
Interest Income	15,809	0	0	0	17
Cemetery Income	16,425	0	0	0	0
Township Hall Rental	12,950	0	0	0	0
Fine and Forfeitures	2,230	0	0	0	0
Other Charges for Services	48,069	0	0	0	0
Miscellaneous Revenues	7,467	0	0	0	0
Total Revenues	<u>\$689,559</u>	<u>\$151,523</u>	<u>\$137,015</u>	<u>\$34,444</u>	<u>\$17</u>
<u>EXPENDITURES</u>					
General Government	319,895	0	0	0	0
Public Safety	68,532	117,770	150,068	0	0
Public Works	105,253	0	0	0	0
Parks and Recreation	36,738	0	0	0	0
Capital Projects					
Miscellaneous	0	0	0	0	46
Debt Service					
Principal	0	87,857	0	30,000	0
Interest	0	10,279	0	9,470	0
Total Expenditures	<u>\$530,418</u>	<u>\$215,906</u>	<u>\$150,068</u>	<u>\$39,470</u>	<u>\$46</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$159,141	(\$64,383)	(\$13,053)	(\$5,026)	(\$29)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers (to) from Other Funds	(13,053)	0	13,053	0	0
Net Change in Fund Balance	<u>\$146,088</u>	<u>(\$64,383)</u>	<u>\$0</u>	<u>(\$5,026)</u>	<u>(\$29)</u>
<u>FUND BALANCE - BEGINNING</u>	<u>221,175</u>	<u>140,805</u>	<u>0</u>	<u>8,236</u>	<u>3,681</u>
<u>FUND BALANCE - ENDING</u>	<u>\$367,263</u>	<u>\$76,422</u>	<u>\$0</u>	<u>\$3,210</u>	<u>\$3,652</u>

See accompanying notes to the basic financial statements.

ATTICA TOWNSHIP  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007

Total Governmental Funds	Total net change in fund balances - governmental funds	\$76,650
\$588,504	Amounts reported for governmental activities in the statement of activities are different because:	
320,725	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	(111,282)
362		
15,826		
16,425		
12,950		
2,230		
48,069	Revenue is recorded on the accrual method in the statement of activities; in the governmental fund it is recorded on the modified accrual method and not considered available:	
7,467	Change in Deferred Revenue - Special Assessment	(34,443)
\$1,012,558		
319,895	Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments reported as expenditures in the governmental funds.	125,787
336,370		
105,253		
36,738		
	Change in accrued interest on long-term liabilities	225
46		
	<u>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</u>	<u>\$56,937</u>
117,857		
19,749		
\$935,908		
\$76,650		
0		
\$76,650		
373,897		
\$450,547		



ATTICA TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
<u>REVENUES</u>				
Taxes	\$261,365	\$261,365	\$265,522	\$4,157
State Shared Revenues	320,000	320,000	320,725	725
Licenses, Permits and Fees	2,300	2,300	362	(1,938)
Interest Income	1,500	1,500	15,809	14,309
Cemetery Income	18,900	18,900	16,425	(2,475)
Township Hall Rental	15,100	15,100	12,950	(2,150)
Fine and Forfeitures	0	0	2,230	2,230
Other Charges for Services	34,685	34,685	48,069	13,384
Miscellaneous Revenues	0	0	7,467	7,467
Total Revenues	\$653,850	\$653,850	\$689,559	\$35,709
<u>EXPENDITURES</u>				
General Government	334,994	334,994	319,895	15,099
Public Safety	115,591	115,591	68,532	47,059
Public Works	177,288	177,288	105,253	72,035
Parks and Recreation	50,100	50,100	36,738	13,362
Total Expenditures	\$677,973	\$677,973	\$530,418	\$147,555
Excess (Deficiency) of Revenues Over (Under) Expenditures	(\$24,123)	(\$24,123)	\$159,141	\$183,264
<u>OTHER FINANCING SOURCES (USES)</u>	0	0	(13,053)	(13,053)
Net Change in Fund Balance	(\$24,123)	(\$24,123)	\$146,088	\$170,211
<u>FUND BALANCE - BEGINNING</u>			221,175	
<u>FUND BALANCE - ENDING</u>			\$367,263	

See accompanying notes to the basic financial statements.

ATTICA TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
PUBLIC SAFETY FUND  
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes	\$151,505	\$151,505	\$151,523	\$18
Miscellaneous Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	\$151,505	\$151,505	\$151,523	\$18
<u>EXPENDITURES</u>				
Public Safety	<u>151,505</u>	<u>151,505</u>	<u>215,906</u>	<u>(64,401)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$0	\$0	(\$64,383)	(\$64,383)
<u>FUND BALANCE - BEGINNING</u>			<u>140,805</u>	
<u>FUND BALANCE - ENDING</u>			<u>\$76,422</u>	

See accompanying notes to the basic financial statements.

ATTICA TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FIRE FUND  
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes	\$136,991	\$136,991	\$137,015	\$24
<u>EXPENDITURES</u>				
Public Safety				
Wages	45,500	45,500	54,963	(9,463)
Dues	500	500	781	(281)
Education and Training	4,000	4,000	3,694	306
Equipment	39,327	39,327	48,686	(9,359)
Gas and Oil	2,400	2,400	2,057	343
Insurance	18,064	18,064	22,536	(4,472)
Medical	2,000	2,000	1,878	122
Miscellaneous	4,000	4,000	1,712	2,288
Repairs	12,700	12,700	2,973	9,727
Telephone	1,800	1,800	2,386	(586)
Utilities	6,700	6,700	8,402	(1,702)
Total Expenditures	<u>\$136,991</u>	<u>\$136,991</u>	<u>\$150,068</u>	<u>(\$13,077)</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	\$0	\$0	(\$13,053)	(\$13,053)
<u>OTHER FINANCING SOURCES (USES)</u>	<u>0</u>	<u>0</u>	<u>13,053</u>	<u>13,053</u>
Net Change in Fund Balance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FUND BALANCE - BEGINNING</u>			<u>0</u>	
<u>FUND BALANCE - ENDING</u>			<u>\$0</u>	

See accompanying notes to the basic financial statements.

ATTICA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

---

1) REPORTING ENTITY

The accompanying general purpose financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. The Township receives funding from local, state and federal government sources and must comply with the accompanying requirements of these funding sources. However, the Township is not included in any other governmental "reporting entity" as defined by GASB pronouncements since the Township Board is a publicly elected governing body that has separate legal standing and is fiscally independent of other governmental entities. As such, the Board of Trustees has decision making authority, the authority to levy taxes and determine its budget, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Attica Township conform to generally accepted accounting principles as applicable to governmental entities. The following is a summary of the significant accounting policies:

In June 1999 the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

A Management Discussion and Analysis (MD&A) section to provide an analysis of the Township’s overall financial position and results of operations.

Financial statements prepared with full accrual accounting for all of the Township’s activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements and notes to the financial statements.

A) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The Township’s basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township’s major funds). The government-wide financial statements categorize primary activities as either governmental or business type. Fiduciary funds are not included in the government-wide financial statements.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township’s net assets are reported in three parts: invested in capital assets net of related debt; restricted net assets; and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township’s functions. General government revenues also support the functions. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs by function are normally covered by general revenue (property taxes, state and federal sources, interest income, etc.).

B) BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

ATTICA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

---

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS (Continued)

GOVERNMENTAL FUNDS

General Fund

This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes and state distributions, grants and other intergovernmental revenues.

Special Revenue Fund – Public Safety and Fire Fund

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Retirement Fund

The Debt Retirement Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund

The Capital Projects Fund is used to account for the significant construction projects of the Township.

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Accrual

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within 60 days of year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

Those revenues susceptible to accrual are property taxes, state aid, interest revenue, grants and charges for services. Other revenue is recorded when received.

The Township reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the Township receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

ATTICA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

---

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits and certificates of deposit.

The Township reports its investments in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools and No. 40 Deposits and Investment Risk Disclosures. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Township intends to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the Township to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by no less than two standard rating services and which matures not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

E) CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) using a \$5,000 capitalization threshold and updated for additions and retirements during the year. In accordance with the provisions of GASB 34, the Township has elected to capitalize the cost of governmental fund infrastructure assets after the implementation date of GASB 34. Prior acquisitions or construction costs of infrastructure assets will not be recorded.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Building and Improvements	15 – 50 Years
Furniture and Equipment	5 – 20 Years
Vehicles	5 – 10 Years
Land	N/A

F) INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities columns of the statement of net assets.

ATTICA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

---

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G) NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Township or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

H) ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

I) BUDGETS

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) Two to three months prior to the beginning of the ensuing fiscal year, the Township Board reviews a proposed operating budget which includes proposed revenues and expenditures.
- 2) Prior to the beginning of the ensuing fiscal year, the Township Board passes a general appropriations act reflecting formal budget approval in accordance with the Michigan Uniform Budget Act.
- 3) Budgets for the general and special revenue funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).
- 4) Budgeted amounts in this report are as originally adopted or as amended by the Township Board. Amendments were not material in relation to the original appropriations which were amended.

J) COMPENSATED ABSENCES

Under agreements with the Township, individual employees have a vested right to receive payments for unused sick leave under formulas and conditions specified in the agreements. As of June 30, 2007, substantially all of these benefits had been paid and are reflected in the financial statements.

3) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – BUDGET VIOLATIONS

1968 PA2 provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the functional level.

During the year ended June 30, 2007, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated.

The Township did not adopt a budget for the debt retirement for the year ended June 30, 2007.

ATTICA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

4) DEPOSITS AND INVESTMENTS

As of June 30, 2007, the Township had no investments.

**Interest rate risk.** Interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Township's cash requirements.

**Credit risk.** State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2007, the Township's investment in the investment pool was rated AAA by Standards & Poor's and AAA by Moody's Investors Service. The Township's investments in commercial paper were rated A1 by Standard & Poor's, F-1 by Fitch Ratings, and P-1 by Moody's Investors Service. The Township's investments in corporate bonds were rated AAA by Standard & Poor's and Fitch Ratings, and AAA by Moody's Investors Service.

**Concentration of credit risk.** The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

**Custodial credit risk – deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of June 30, 2007, \$492,523 of the Township's bank balance of \$611,572 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

**Custodial credit risk – investments.** For an investment, this is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Township will do business.

**Foreign currency risk.** The Township is not authorized to invest in investments which have this type of risk.

As of June 30, 2007, the Township has not adopted an investment policy in accordance with GASB 40.

5) INTERFUND ACTIVITY

Interfund balances at June 30, 2007 consisted of the following:

	DUE FROM		
	Public Safety Fund	Debt Retirement Fund	Total
General Fund	\$59,689	\$0	\$59,689
Capital Projects Fund	0	3,210	3,210
<b><u>TOTAL</u></b>	<b><u>\$59,689</u></b>	<b><u>\$3,210</u></b>	<b><u>\$62,899</u></b>

These balances resulted from (1) transactions are recorded in the accounting systems, and (2) payments between funds are made.



ATTICA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

6) INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2007, consisted of the following:

TRANSFERS FROM	TRANSFERS TO
	Fire Fund
General Fund	<u>\$13,053</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (2) move receipts restricted to debt service from the funds collecting the receipts to the fund servicing the debt as debt payments become due, (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (4) reimburse expenditures or payment of interfund goods and services.

7) PROPERTY TAXES

Property taxes are levied on December 1 and July 1 on the assessed value determined as of December 31 of the preceding year for all taxable real and personal property located in the Township. Property tax revenue is recognized in the fiscal year for which taxes have been levied.

8) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<u>GOVERNMENTAL ACTIVITIES</u>				
Buildings and Improvements	\$885,669	\$0	\$0	\$885,669
Machinery and Equipment	96,012	0	0	96,012
Land	214,650	0	0	214,650
Land Improvements	423,087	6,319	0	429,406
Vehicles	780,520	20,500	0	801,020
Totals at Historical Cost	<u>\$2,399,938</u>	<u>\$26,819</u>	<u>\$0</u>	<u>\$2,426,757</u>
Less: Accumulated Depreciation				
Buildings and Improvements	(110,527)	(17,533)	0	(128,060)
Machinery and Equipment	(46,601)	(12,598)	0	(59,199)
Land Improvements	(59,600)	(35,562)	0	(95,162)
Vehicles	(273,033)	(72,408)	0	(345,441)
Total Accumulated Depreciation	<u>(\$489,761)</u>	<u>(\$138,101)</u>	<u>\$0</u>	<u>(\$627,862)</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
<u>CAPITAL ASSETS - NET</u>	<u>\$1,910,177</u>	<u>(\$111,282)</u>	<u>\$0</u>	<u>\$1,798,895</u>

ATTICA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

8) CAPITAL ASSETS (Continued)

Depreciation expense, when appropriate, was allocated to governmental functions. Depreciation expense that was not allocated appears on the statement of activities as "unallocated". Depreciation was recorded on the statement of activities as follows:

General Government	\$ 39,880
Public Safety	6,071
Parks and Recreation	<u>92,150</u>
<u>TOTAL</u>	<u>\$ 138,101</u>

9) PENSION PLAN

The Township has a single-employer defined contribution pension plan covering all eligible employees who wish to participate. Investments are made through Manufacturers Life Insurance Company. Benefits are immediately 100 percent vested with the benefit payable at age 65 (normal retirement age), or after 10 years of participation or age 80, if sooner. Contributions to the plan during the year ended June 30, 2007 amounted to \$22,957.

The Township also has a 457 Deferred Compensation Plan. The plan is offered to all eligible individuals and investments are made through Harbour Investments. As of June 30, 2007, no employees of the Township were participating in the plan.

10) GENERAL LONG-TERM DEBT

A) 2004 Special Assessment Bonds

The Township has issued special assessment bonds. These bonds were issued July 8, 2004 in the amount of \$290,000 bearing interest at 4.50% per annum. The balance of the bonds as of June 30, 2007 was \$215,000.

B) General obligation notes payable at June 30, 2007 consisted of the following:

General Obligation Note Payable to Lapeer County Bank & Trust, payable in monthly installments of \$705 with interest at 2.75% per annum. Secured by land. Matures in April, 2009.

\$ 15,117

General Obligation Note Payable to Lapeer County Bank & Trust, payable in annual installments of \$87,857 plus interest at 3.9% per annum. Matures on April 1, 2009, secured by new fire hall building.

175,714

TOTAL

\$ 190,831

C) Annual Principal Requirements

<u>JUNE 30</u>	<u>Bonds</u>	<u>Notes</u>	<u>Interest</u>	<u>Total</u>
2008	\$30,000	\$96,008	\$17,287	\$143,295
2009	30,000	94,823	12,514	137,337
2010	30,000	0	6,976	36,976
2011	30,000	0	5,626	35,626
2012	30,000	0	4,276	34,276
2013-2014	<u>65,000</u>	<u>0</u>	<u>4,502</u>	<u>69,502</u>
<u>TOTAL</u>	<u>\$215,000</u>	<u>\$190,831</u>	<u>\$51,181</u>	<u>\$457,012</u>

The interest expenditures on long-term obligations for the year were \$19,749.

ATTICA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

10) GENERAL LONG-TERM DEBT (Continued)

D) Changes in General Long-Term Debt

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007	Amount Due in One Year
<u>Governmental Activities:</u>					
Bonds Payable	\$245,000	\$0	\$30,000	\$215,000	\$30,000
Note Payable - Fire Hall	263,571	0	87,857	175,714	87,857
Note Payable - Land	23,047	0	7,930	15,117	8,151
<u>TOTAL</u>	<u>\$531,618</u>	<u>\$0</u>	<u>\$125,787</u>	<u>\$405,831</u>	<u>\$126,008</u>

11) FUND BALANCE DESIGNATIONS

The Townships board has designated \$96,008 of the Township's General Fund fund balance for the purchase of equipment and repayment of debt.

12) LEASE

The Township entered into a three year lease with Ruth Hughes Memorial Library. The Library will pay \$1,000 a year and 5% of the fire hall bill for natural gas. The future minimum lease payments to be received are:

2008	<u>\$ 1,000</u>
------	-----------------

13) CONTINGENCIES

In the ordinary course of business, the Township is involved in various pending or threatened legal actions. The Township believes that any ultimate liability arising from these actions will not have a materially adverse effect on its financial position.

OTHER SUPPLEMENTAL  
INFORMATION

ATTICA TOWNSHIP  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2007

---



---

GENERAL GOVERNMENT

Township Board

Wages	\$10,260
Dues	2,737
Insurance	13,671
Miscellaneous	2,759
Printing	512
Total Township Board	<u>\$29,939</u>

Election

Wages	5,276
Election Mileage	10
Equipment	240
Miscellaneous	323
Printing Equipment	499
Total Election	<u>\$6,348</u>

Administrative

Supervisor

Wages	32,500
Supplies	244
Mileage	438
Miscellaneous	179
Training	1,182
Total Supervisor	<u>\$34,543</u>

Clerk

Wages	33,835
Computer Expenses	2,053
Dues	50
Education and Training	1,091
Mileage	330
Supplies	1,681
Total Clerk	<u>\$39,040</u>

Treasurer

Wages	35,955
Computer Expenses	1,118
Education and Training	470
Mileage	14
Supplies	2,622
Total Treasurer	<u>\$40,179</u>

Pension	26,792
Legal	9,536
Accounting	6,900
Unemployment	5
Payroll Taxes	7,176
Total Administrative	<u>\$164,171</u>

ATTICA TOWNSHIP  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2007

GENERAL GOVERNMENT (Continued)

Board of Review

Wages	\$590
Printing	527
Total Board of Review	<u>\$1,117</u>

Township Hall

Wages	19,002
Land Purchase	8,465
Refunds	8,730
Repairs	8,923
Rubbish Removal	6,047
Supplies	7,264
Telephone	2,372
Utilities	8,410
Total Township Hall	<u>\$69,213</u>

Cemetery

Repairs	9,100
Contract Labor	13,500
Supplies	980
Total Cemetery	<u>\$23,580</u>

Assessor

Wages	20,175
Computer	1,005
Supplies	1,297
Total Assessor	<u>\$22,477</u>

House Numbering

Wages	360
-------	-----

Computer Department

Wages	2,000
Equipment	510
Miscellaneous	180
Total Computer Department	<u>\$2,690</u>

Total General Government	\$319,895
--------------------------	-----------

ATTICA TOWNSHIP  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2007

---



---

PUBLIC SAFETY
Planning and Zoning

Wages	\$8,375
Contractual Service	38,692
Education and Training	245
Mileage	77
Miscellaneous	4,817
Printing	543
Supplies and Miscellaneous	149
Zoning Refunds	1,600
Total Planning and Zoning	<u>\$54,498</u>

Ambulance

Special Assessment	<u>14,034</u>
--------------------	---------------

Total Public Safety	\$68,532
---------------------	----------

PUBLIC WORKS

Road Maintenance	98,195
Street Lights	5,687
Drain-at-Large	1,371
Total Public Works	<u>\$105,253</u>

PARKS AND RECREATION

Wages	24,300
Supplies	1,860
Mileage	65
Fuel and Oil	1,840
Equipment and Improvement	8,673
Total Parks and Recreation	<u>\$36,738</u>

TOTAL EXPENDITURES


---



---

\$530,418

ATTICA TOWNSHIP  
FIRE FUND  
SCHEDULE OF EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2007

---

---

PUBLIC SAFETYFire Department

Wages	\$54,963
Dues	781
Education and Training	3,694
Equipment	48,686
Gas and Oil	2,057
Insurance	22,536
Medical	1,878
Miscellaneous	1,712
Repairs	2,973
Telephone	2,386
Utilities	8,402

TOTAL EXPENDITURES

---

---

\$150,068

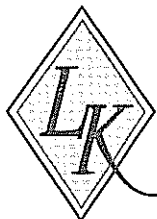


ATTICA TOWNSHIP  
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS  
FOR THE YEAR ENDED JUNE 30, 2007

2004 SPECIAL ASSESSMENT BONDS

Original amount of issue - \$290,000

<u>DATE</u>	<u>PRINCIPAL AMOUNT</u>	<u>AMOUNT OCTOBER 1</u>	<u>AMOUNT APRIL 1</u>	<u>TOTAL</u>
2007-2008	\$30,000	\$4,838	\$4,838	\$39,676
2008-2009	30,000	4,163	4,163	38,326
2009-2010	30,000	3,488	3,488	36,976
2010-2011	30,000	2,813	2,813	35,626
2011-2012	30,000	2,138	2,138	34,276
2012-2013	30,000	1,463	1,463	32,926
2013-2014	35,000	788	788	36,576
<u>TOTALS</u>	<u>\$215,000</u>	<u>\$19,691</u>	<u>\$19,691</u>	<u>\$254,382</u>



November 26, 2007

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

To the Township Board of  
Attica Township

We have audited the financial statements of the Attica Township as of and for the year ended June 30, 2007, and have issued our report thereon dated November 26, 2007. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

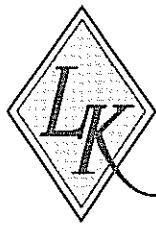
In planning and performing our audit, we considered the Attica Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Attica Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Attica Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

1. Accounting Expertise

Effective for the year ended December 31, 2006, Statement on Auditing Standards #112 titled, *Communicating Internal Control Related Matters Identified in an Audit* (issued May 2006), requires us to communicate in writing when a client requires assistance to prepare the financial statements and the footnotes required in the annual audit. Based upon discussions with management and audit work performed in the current year, the Company has the capability to perform monthly internal accounting functions and provide timely reports as requested by the board. The Company does not have the personnel with qualifications and training necessary to generate consolidated financial statements, including the required eliminating entries and footnotes, in accordance with accounting principles generally accepted in the United States of America. We would expect this comment to continue from year to year. We do not recommend any changes to this situation at this time and communicate this as required by professional standards.



2. Timely Bank Reconciliations

The general ledger cash accounts were not reconciled timely to the Township's bank accounts for all cash accounts during the fiscal year ending June 30, 2007. Proper bank reconciliations are a key to maintaining adequate control over both cash receipts and disbursements. If bank reconciliations are to serve as an effective control over the cash accounts, they must be prepared on a timely basis and all reconciling items should be investigated and disposed of properly.

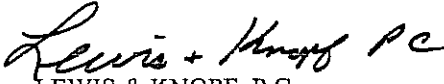
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Attica Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

  
LEWIS & KNOFF, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS